Management's Discussion and Analysis

For the years ended December 31, 2024 and 2023

This Management's Discussion and Analysis ("MD&A") of Taiga Building Products Ltd. ("Taiga" or the "Company") has been prepared based on information available as at February 27, 2025 and should be read in conjunction with the audited consolidated financial statements and the corresponding notes thereto for the years ended December 31, 2024 and 2023. This discussion and analysis provides an overview of significant developments that have affected Taiga's performance during the fiscal year.

The financial information reported herein has been prepared in accordance with International Financial Reporting Standards ("IFRS"), which is the required reporting framework for Canadian publicly accountable enterprises, and is expressed in Canadian dollars.

Taiga's consolidated financial statements and the accompanying notes included within this report include the accounts of Taiga and its subsidiaries. Unless otherwise noted, all references in this MD&A to "dollars" or "$" are to Canadian dollars.

Additional information relating to the Company including the Company's Annual Information Form dated February 27, 2025 can be found on SEDAR+ at www.sedarplus.ca.

Forward-Looking Information:

This MD&A contains certain forward-looking information relating, but not limited, to future events or performance and strategies and expectations of Taiga. Forward-looking information typically contains statements with words such as "consider", "anticipate", "believe", "expect", "plan", "intend", "likely", "may", "will", "should", "predict", "potential", "continue" or similar words suggesting future outcomes or statements regarding expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Examples of such forward-looking information within this document include statements relating to: the Company's perception of the building products industry and markets in which it participates and anticipated trends in such markets in any of the countries in which the Company does business; the Company's anticipated business operations, inventory levels and ability to meet order demand; the Company's anticipated ability to procure products and its relationship with suppliers; sufficiency of cash flows; and the anticipated outcome of legal and regulatory proceedings. Readers should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking information. Forward-looking information reflects management's current expectations or beliefs and is based on information currently available to Taiga and although Taiga believes it has a reasonable basis for providing the forward-looking information included in this document, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, the forward-looking information of Taiga involves numerous assumptions and inherent risks and uncertainties, both general and specific that contribute to the possibility that the predictions, forecasts and other forward-looking information will not occur. These factors include, but are not limited to: changes in business strategies; the effects of legal or regulatory proceedings, competition and pricing pressures; changes in operational costs; changes in laws and regulations, including tax, environmental, employment, competition, anti-terrorism and trade laws and Taiga's anticipation of and success in managing the risks associated with the foregoing; and other risks detailed in this MD&A and Taiga's filings with the Canadian securities regulatory authorities available at www.sedarplus.ca. Forward-looking information speaks only as of the date of this discussion and analysis. Taiga does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking information, whether as a result of new information, future developments or otherwise, except as required by applicable law.

Non-IFRS Financial Measure:

In this MD&A, reference is made to EBITDA, which represents earnings before interest, taxes, and amortization. As there is no generally accepted method of calculating EBITDA, the measure as calculated by Taiga might not be comparable to similarly titled measures reported by other issuers. EBITDA is presented as management believes it is a useful indicator of the Company's ability to meet debt service and capital expenditure requirements and because management interprets trends in EBITDA as an indicator of relative operating performance. EBITDA should not be considered by an investor as an alternative to net income or cash flows as determined in accordance with IFRS. Reconciliations of EBITDA to net earnings reported in accordance with IFRS are included in this MD&A.

Market and Industry Data:

Unless otherwise indicated, the market and industry data contained in this MD&A is based upon information of independent industry and government publications and management's knowledge of, and experience in, the markets in which the Company operates. While management believes this data to be reliable, market and industry data is subject to variation and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not independently verified any of the data from third party sources referred to in this MD&A and no representation is given as to the accuracy of any of the data referred to in this MD&A obtained from third party sources.

1. Business Overview

Taiga is the largest independent wholesale distributor of building products in Canada. Taiga distributes building products in Canada, the United States and overseas. As a wholesale distributor, Taiga maintains substantial inventories of building products at fifteen strategically located distribution centres throughout Canada and two distribution centres in California and one in Washington. In addition, Taiga regularly distributes through the use of third party reload centres. Taiga also owns and operates four wood preservation plants that produce pressure-treated wood products. Factors that affect Taiga's year-over-year profitability include, among others, sales levels, price fluctuations and product mix.

Taiga's primary market is Canada. Taiga expects the Canadian housing market in calendar year 2025 to decline compared to calendar year 2024. Taiga's secondary market, the United States, is expected to increase in 2025 compared to calendar year 2024. See Item 12 "Outlook".

Selected Financial Information

(in millions of dollars, except for share amounts and per share amounts in dollars)	Year Ended December 31, 2024	2023	2022
Income Statement Data:			
Sales	1,634	1,680	2,193
Gross Margin	173.3	198.4	291.2
Net Earnings	47.6	61.3	88.6
Net Earnings per Share (Basic and Fully Diluted)(1)	0.44	0.57	0.82
Weighted Average Number of Shares Outstanding	107,946,527	108,047,676	108,197,313
EBITDA(2)	79.8	91.3	139.3
Balance Sheet Data:			
Working Capital(3)	391.3	335.0	310.6
Total Assets	693.5	624.3	617.8
Total Long-Term Financial Liabilities(4)	100.0	97.2	98.9

Notes:

(1) Net earnings per share is calculated using the weighted-average number of shares outstanding in the year.
(2) Reconciliation of net earnings to EBITDA:
(3) Working capital is the excess of current assets over current liabilities.
(4) Total long-term financial liabilities are the total liabilities less current liabilities and deferred gain.

(in millions of dollars)	Fiscal Year December 31, 2024	2023	2022	2021	2020
Net earnings	47.6	61.3	88.6	92.7	70.8
Income tax expense	19.5	15.4	31.9	33.0	25.4
Finance and subordinated debt interest expense	(0.3)	2.3	7.3	8.4	9.3
Amortization	12.9	12.3	11.5	11.1	11.4
EBITDA	79.8	91.3	139.3	145.2	116.9

2. Results of Operations

Sales

The Company's consolidated net sales for the year ended December 31, 2024 were $1,634.4 million compared to $1,679.7 million for the last fiscal year. The decrease in sales by $45.3 million or 3% was largely due to the Company selling lower volumes of commodity products during the year.

Sales by segments are as follows:

	Years ended December 31,			
	2024		2023	
	$000's	%	$000's	%
Canada	1,346,644	82.4	1,375,530	81.9
United States	287,738	17.6	304,137	18.1

For the fiscal year, export sales totalled $138.6 million compared to $150.5 million in the previous year. These export sales were primarily to the United States and Asia, and are included as part of the Canadian segment in the table above.

The Company's sales of dimension lumber and panel, as a percentage of total sales, were 52.0% for the fiscal year ended December 31, 2024, compared to 52.4% over the same fiscal period last year. Allied, engineered and treated wood product sales, as a percentage of total sales, were 48.0% for the fiscal year ended December 31, 2024, compared to 47.6% over the same fiscal period last year.

Gross Margin

Gross margin for the fiscal year ended December 31, 2024 decreased to $173.3 million from $198.4 million over the same period last year. Gross margin percentage decreased to 10.6% in the current year compared to 11.8% in the previous year. The decrease in gross margin was primarily due to lower volumes of commodity products being sold during the year.

Expenses

For the fiscal year ended December 31, 2024, distribution expenses increased to $32.7 million compared to $32.3 million over the same period last year primarily due to increased warehousing expenses and salaries for the period.

Selling and administration expenses for the fiscal year ended December 31, 2024 decreased to $74.0 million compared to $87.0 million over the same period last year primarily due to lower compensation costs.

Finance income for the fiscal year ended December 31, 2024 was $0.3 million compared to an expense of $2.3 million for the same period last year. The income in the current year was primarily due to interest earned on cash balances.

Other income for the fiscal year ended December 31, 2024 was $0.2 million compared to other expenses of $0.2 million over the same period last year.

Net Earnings

Net earnings for the fiscal year ended December 31, 2024 was $47.6 million compared to $61.3 million over the same period last year primarily due to decreased gross margin.

EBITDA

For the fiscal year ended December 31, 2024, EBITDA was $79.8 million compared to $91.3 million over the same period last year primarily due to lower margins earned during the period.

3. Quarter Ended December 31st Results

A summary of the results for the three months ended December 31, 2024 and 2023 is as follows:

	Three months ended December 31,	
(in thousands of dollars except per share amount in dollars)	**2024**	**2023**
Sales	389,042	367,658
Gross margin	41,278	42,448
Distribution expense	8,093	8,241
Selling and administration expense	20,768	24,335
Finance expense	(463)	(425)
Other expenses (income)	(49)	(61)
Earnings before income tax	12,929	10,358
Income tax expense	6,341	968
Net earnings	6,588	9,390
Net earnings per share	0.06	0.09
EBITDA(1)	15,7171)	13,1421)

Note:
(1) See the reconciliation of net earnings to EBITDA below.

Sales

The Company's consolidated net sales for the quarter ended December 31, 2024 were $389.0 million compared to $367.7 million over the same period last year. The increase in sales by $21.3 million or 6% was due to higher commodity prices throughout the quarter.

Sales by segments are as follows:

	Revenue by Point of Sale			
	Three months ended December 31,		Three months ended December 31,	
	2024		2023	
	$000's	%	$000's	%
Canada	323,550	83.2	300,189	81.6
United States	65,492	16.8	67,469	18.4

During the quarter ended December 31, 2024, Taiga's Canadian operations had export sales of $36.6 million compared to $33.6 million in the same quarter last year. These export sales were primarily to the United States and Asia, and are included as part of the Canadian segment in the table above.

The Company's sales of dimension lumber and panel, as a percentage of total sales, was 53.7% for the quarter ended December 31, 2024 and 54.3% over the same period last year. Allied, engineered and treated wood product sales, as a percentage of total sales, was 46.3% for 2024 and 45.7% over the same period last year.

Gross Margin

Gross margin for the quarter ended December 31, 2024 decreased to $41.3 million from $42.4 million over the same period last year. Gross margin percentage decreased to 10.6% in the current quarter compared to 11.5% in the same quarter last year. The decrease in gross margin was primarily due to higher costs of products in the current quarter compared to the same quarter last year.

Expenses

Distribution expense for the quarter ended December 31, 2024 decreased to $8.1 million compared to $8.2 million over the same period last year.

Selling and administration expense for the quarter ended December 31, 2024 decreased to $20.8million compared to $24.3 million over the same period last year primarily due to lower compensation costs during the quarter.

Finance income for the quarter ended December 31, 2024 was $0.5 million compared to finance income of $0.4 million over the same quarter last year mainly due to the interest earned from cash balances.

Other income for the quarter ended December 31, 2024 was $0.05 million compared to other income of $0.06 million over the same period last year.

Net Earnings

Net earnings for the quarter ended December 31, 2024 decreased to $6.6 million compared to $9.4 million from the same quarter in the prior year.

EBITDA

EBITDA for the quarter ended December 31, 2024 was $15.7 million compared to $13.1 million for the same period last year.

Reconciliation of net earnings to EBITDA:

	Three months ended December 31,	
(in thousands of dollars)	**2024**	**2023**
Net earnings	6,588	9,390
Income taxes	6,341	968
Finance and subordinated debt interest expense	(463)	(425)
Amortization	3,251	3,209
EBITDA	15,717	13,142

4. Summary of Quarterly Results

	Year ended December 31,							
	2024				2023			
(in thousands of dollars, except per share amount in dollars)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales	389,042	423,886	427,824	393,630	367,658	456,615	446,902	408,492
Net earnings	6,588	14,331	13,933	12,761	9,390	21,404	16,991	13,516
Net earnings per share[(1)]	0.06	0.13	0.13	0.12	0.09	0.20	0.16	0.12
EBITDA	15,717	21,497	22,704	19,838	13,142	27,617	27,983	22,521

Note:

(1) The amounts are identical on a basic and fully-diluted per share basis as the Company has no potentially dilutive instruments. Earnings per share is calculated using the weighted-average number of shares outstanding for the year.

Seasonality

Taiga's sales are subject to seasonal variances that fluctuate in accordance with the normal home building season. Taiga generally experiences higher sales in the quarters ended June 30 and September 30 and reduced sales in the late fall and winter during its quarters ended December 31 and March 31 of each fiscal year.

5. Liquidity and Capital Resources

Revolving Credit Facility

On December 21, 2022, the Company entered into a new $250 million senior secured revolving credit facility (the "Facility") with a syndicate of lenders led by the Bank of Montreal and including Scotiabank, Bank of America, TD Bank and CIBC. The Facility bears interest at variable rates plus variable margin, is secured by a first perfected security interest in all real and personal property of the Company and certain of its subsidiaries, and matures on December 20, 2027. Taiga's ability to borrow under the Facility is based upon a defined percentage of accounts receivable and inventories. The terms, conditions, and covenants of the Facility have been met as at December 31, 2024.

Taiga expects to meet its future cash requirements through a combination of cash generated from operations and its credit facilities. However, any severe weakening of the Canadian housing market driving reduced product demand or a significant increase in bad debts in accounts receivable could adversely impact the Company's liquidity in the short term.

Working Capital

Working capital as at December 31, 2024 increased to $391.3 million from $335.0 million as at December 31, 2023 due to increased cash and cash equivalents and accounts receivable. Taiga believes that current levels are adequate to meet its working capital requirements.

Summary of Financial Position

(in thousands of dollars)	December 31, 2024	December 31, 2023
Current Assets	530,463	466,630
Current Liabilities (excluding Revolving Credit Facility)	(139,192)	(131,653)
Working Capital	**391,271**	**334,977**
Long Term Assets	163,074	157,660
Long Term Liabilities	(99,949)	(97,219)
Shareholders' Equity	**454,396**	**395,418**

Assets

Total assets were $693.5 million as at December 31, 2024 compared to $624.3 million as at December 31, 2023. The increase was primarily due to an increase in cash generated by the business and an increase in accounts receivable.

Cash and cash equivalents increased to $192.4 million as at December 31, 2024 compared to $152.8 million as at December 31, 2023. This is primarily due to cash generated from operations and changes in non-cash working capital.

Inventories increased to $179.0 million as at December 31, 2024 compared to $174.8 million as at December 31, 2023 primarily due to increased inventory build up as a result of management's expectations for the housing markets in the first quarter of 2025.

Accounts receivable increased to $150.4 million as at December 31, 2024 compared to $119.4 million as at December 31, 2023 as a result of differences in the timing of collections.

Liabilities

Total liabilities increased to $239.1 million as at December 31, 2024 compared to $228.9 million as at December 31, 2023. The increase was primarily due to increased payables and accrued liabilities.

Contractual Obligations

(in thousands of dollars)	Right-of-use leases	Operating leases[1]
No later than one year	6,015	166
Later than one year, but not later than five years	3,637	461
Later than five years	87,794	78

Note:

(1) The operating leases relate to leases with a lease term of less than 12 months and low value assets.

The company also has a contractual obligation to purchase a property in the amount of $2.9 million.

Outstanding Share Data

The Company has only one class of shares outstanding, its common shares without par value. On December 31, 2024, there were 107,944,523 common shares issued and outstanding.

On September 4, 2024, the Company commenced a Normal Course Issuer Bid ("NCIB") for its common shares. Under the terms of the NCIB, the Company may purchase up to 5,397,226 of its then outstanding 107,944,523 common shares, representing 5% of the outstanding common shares. For the year ending December 31, 2023 the Company purchased 216,310 shares for $601,040. These common shares purchased by the Company have been cancelled. During the year ended December 31, 2024, the Company purchased 10,488 of its common shares for $32,405 under the NCIB. These common shares purchased by the Company during this time have been cancelled. At December 31, 2024 there were 5,386,738 remaining common shares permitted to be purchased by the Company per the terms of the NCIB with an expiration on September 3, 2025.

6. Commitments and Contingencies

(a) Contractual Commitments

The Company has obligations under various operating leases for occupied premises and equipment. For further discussion, refer to Note 14 to the Consolidated Financial Statements for the Year ended December 31, 2024.

7. Risks and Uncertainties

The results of operations, business prospects and financial conditions of Taiga are subject to a number of risks and uncertainties, and are affected by a number of factors outside Taiga's control. Any of these risks and uncertainties could have a material adverse effect on the Company's operations, financial conditions and cash flow and, accordingly, should be carefully considered in evaluating Taiga's business. A comprehensive discussion of risk factors is included in Taiga's Annual Information Form dated February 27, 2025, available on SEDAR+ at www.sedarplus.ca.

8. Material Accounting Policies and Estimates, and Future Accounting Changes

The material accounting policies of Taiga are described in Note 3 to the Consolidated Financial Statements for the year ended December 31, 2024.

In preparing these consolidated financial statements, Taiga's management was required to make estimates and assumptions that affect the amounts recorded. Financial results as determined by actual events could differ from such estimates. The estimates and assumptions of the Company's management are based on historical experience and other factors management considers to be reasonable, including expectations of future events. The estimates and assumptions that could result in a material impact to the carrying amounts of assets and liabilities are outlined below.

Allowance for Doubtful Accounts

While significant bad debts have not been experienced in prior years the provision is based on the Company's knowledge of the financial condition of its customers, the aging of the receivables, the current business environment and historical experience. A change in one or more of these factors could impact the estimated allowance and provision for bad debts. Taiga's allowance for doubtful accounts as at December 31, 2024 was $1.7 million (2023 – $0.9 million).

Valuation of Inventories

Inventories are valued at the lower of average cost and net realizable value. Taiga evaluates inventory balances at each balance sheet date and records a provision as necessary for slow moving or obsolete inventory. Additionally, Taiga records a provision if the cost of inventories exceeds net realizable value based on commodity prices. Inventory provision as at December 31, 2024 was $0.3 million (2023 – $0.2 million).

Valuation and Estimated Life of Long-Lived Assets

An impairment test is performed by comparing the carrying amount of the asset or its cash generating unit to the recoverable amount, which is calculated as the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use is calculated based upon a discounted cash flow analysis, which requires management to make a number of significant assumptions including assumptions relating to future operating plans, discount rates and future growth rates.

The estimated useful lives and recoverable amounts of long-lived assets are based on the judgment of management and the best currently available information. Changes in circumstances can result in the actual useful lives differing from management's estimates.

Customer Rebates

Customer rebates are commonly offered as industry practice and are generally based on achievement of specified volume sales levels. Taiga accrues for the payment of customer rebates as a reduction of revenue based on management's estimates.

Valuation of Warranty Provisions

A provision for future potential warranty costs is calculated using historical trends and future expectations of future claims. Adjustments to the warranty provision are included in cost of sales. Actual future warranty costs may differ from those estimates.

Current and Deferred Taxes

The Company calculates current and deferred tax provisions for each of the jurisdictions in which it operates. Actual amounts of income tax expense are not final until tax returns are filed and accepted by the relevant authorities. This occurs subsequent to the issuance of financial statements. Therefore, results in subsequent periods will be affected by the amount that estimates differ from the final tax return.

Judgment is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized on the balance sheet. Taiga also evaluates the recoverability of deferred tax assets based on an assessment of the likelihood of using the underlying future tax deductions against future taxable income before they expire. Deferred tax liabilities arising from temporary differences on investments in subsidiaries, joint ventures and associates are recognized unless the reversal of the temporary differences is not expected to occur in the foreseeable future and can be controlled. Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future sales volumes and housing starts, commodity prices, operating costs, capital expenditures, dividends and other capital transactions. Judgment is also required about the application of income tax legislation. These estimates and judgments are subject to risk and uncertainty, which could result in an adjustment to the deferred tax provision and a corresponding credit or charge to income.

Goodwill

Management uses judgment in determining the fair value of the acquired net identifiable tangible and intangible assets at the date of a business combination. Any resulting goodwill is an asset representing the future economic

benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill at December 31, 2024 relates to the Company's acquisition of Exterior Wood, Inc. Goodwill is not amortized, but is tested for impairment annually or more frequently if changes in circumstances indicate a potential impairment. Goodwill impairment is assessed based on a comparison of the recoverable amount of a cash-generating unit to the underlying carrying value of that cash-generating unit's net assets, including goodwill. Significant estimates are required in determining the recoverable amount of each cash-generating unit, including a discount rate, a growth rate and revenue projections. When the carrying amount of the cash-generating unit exceeds its recoverable amount, the higher of the fair value less cost of disposal and the value-in-use related to the cash-generating unit is compared to its carrying value and excess of carrying value is recognized as an impairment loss (Note 10).

Long-Term Investments

The investment value in private entities has been determined from level 2 and level 3 inputs which are susceptible to fluctuations in fair value. Taiga uses the most up to date information from the investees and other market data to determine the fair value of the investments. Information and estimates used to value the private investments may change significantly over time.

9. Related Party Transactions

In accordance with IFRS requirements, related party transactions consist of remuneration of directors and other key management personnel with whom Taiga has entered into employment agreements. Further information is contained in our most recent Management Information Circular available on SEDAR+ at www.sedarplus.ca and Note 24 to the Company's consolidated financial statements for the year ended December 31, 2024. The remuneration for key management, which includes the Company's directors and officers, were as follows:

(in thousands of dollars)	**Year ended December 31, 2024**	**Year ended December 31, 2023**
Salaries and other benefits	5,279	9,501

An amount of $3,735,764 (2023 - $7,590,684) is included in accounts payable and accrued liabilities relating to bonuses to key management.

10. Off-Balance Sheet Arrangements

Taiga does not have off-balance sheet arrangements except for commitments under operating leases as discussed under "Commitments and Contingencies" in this Management's Discussion and Analysis.

For a detailed description of financial instruments and their associated risks, see Note 21 of the Company's consolidated financial statements for the period ended December 31, 2024.

11. Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Taiga's management is responsible for establishing and maintaining adequate disclosure controls and procedures and internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS.

The CEO and CFO of Taiga acknowledge responsibility for the design of ICFR and confirm that there were no changes in these controls that occurred during the quarter ended December 31, 2024 which materially affected or are reasonably likely to materially affect the Company's ICFR.

12. Outlook

Taiga's financial performance is primarily dependent on the residential construction, renovation and repairs markets. These markets are affected by the strength or weakness in the general economy and as such are influenced by interest rates and other general market indicators.

According to the Canada Mortgage and Housing Corporation (CMHC) in its **2025 Housing Market Outlook**, housing starts in Canada are projected to decline from **245,367 in 2024 to 240,500 in 2025**.

In the United States, RBC reported in February 2025 that housing starts are forecasted to total 1,440,000 units in the 2025 calendar year compared to 1,365,000 units in calendar year 2024.